Channel Partners™

6 Cloud Trends Partners Must Watch

The pace of change in the cloud ecosystem means this is no staid, bread-and-butter opportunity for partners. Here are six key trends that cloud-minded partners need to have on their radars.

By Kevin Casey

PRESENTED WITH

Channel Futures™

TABLE OF CONTENTS

ABOUT US

Channel Partners

For nearly 30 years, Channel Partners has been the leader in providing news and analysis to indirect sales channels serving the communications industry. It is the unrivaled resource for resellers, agents, VARs, systems integrators, cloud and digital services providers and consultants that provide network-based communications and computing services, applications, cloud services, managed and professional services — and more.

ChannelPartnersOnline.com is the official media partner of **Channel Partners Conference & Expo**, the world's largest channel event.

Channel Futures

Channel Futures unites the diverse ecosystem of companies that comprise the "evolving channel," which includes MSPs, systems integrators, born-in-the-cloud digital services companies, specialized services providers, agents, VARs and consultants who recommend digital services.

ChannelFutures.com co-produces the **CP Evolution** event.

Together **Channel Partners** and **Channel Futures** provide inspiration, insights and tools to help every partner thrive in a new, digitally transformed world.

About the Author

KEVIN CASEY writes about technology and business for a wide variety of publications and companies. He won an Azbee Award, given by the American Society of Business Publication Editors, for his InformationWeek.com story, "Are You Too Old for IT?" He's a former community choice honoree in the Small Business Influencer Awards.

linkedin.com/in/krmarko
@krmarko

Want More?

Never Miss a Report!

Follow   f Follow

in Follow

Channel Partners.

6 Cloud Trends Partners Must Watch

I f you wanted the perfect candidate to summarize the dominant cloud story of the last few — oh, who can count, let's just say forever — years, we'd nominate "growth." And its running mate and early cabinet picks would have to be "unchecked," "robust" and, apparently, "endless."

From earnings reports to analyst projects, it's hard to find depressing numbers when it comes to cloud growth. This year shouldn't be any different. Gartner expects the total public cloud market to hit $206.2 billion in 2019, a 17.3 percent bump from $175.8 billion in 2018.

For partners, that means plenty of potential opportunities. (How's that for an understatement?) What the eye-opening dollar figures don't usually unpack for you, though, are the underlying forces powering them. And that's really the good stuff: deciphering the key trends, especially in a market that changes not just yearly, but multiple times a year.

So that's what we're here to do. We asked several cloud and channel experts to share with us their most critical cloud insights for partners. These are the key trends cloud-oriented partners need to know and plan for now.

1. Multi-cloud Deployments Drive the Next Waves of Growth

Want to be the go-to cloud provider for your customer base? You'd better be ready to deliver multiple cloud services from multiple vendors. (And by "multiple," we mean at *least* two.)

Ned Bellavance, director of cloud solutions at Anexinet, sees three key current cloud trends. First on

his list? The rise of multi-cloud deployments.

"More and more organizations are deploying applications in more than one public cloud," Bellavance says. "They are expecting partners to be conversant in AWS [Amazon Web Services] and [Microsoft] Azure architecture at a bare minimum."

Sure, there are plenty of companies still wrapping their heads around a single-cloud deployment. But organizations with maturing cloud strategies are commonly realizing that no single platform suits all of their needs. Moreover, even those companies later in the adoption curve will eventually hit cloud maturity.

Bellavance also points out that this shouldn't just be on a cloud MSP's radar, but other segments of the channel, too.

"[Customers] are also expecting ISVs to have solutions that will deploy in

Worldwide Public Cloud Service Revenue Forecast (Billions of U.S. Dollars)

	2017	2018	2019	2020	2021
Cloud Business Process Services (BPaaS)	42.2	46.6	50.3	54.1	58.1
Cloud Application Infrastructure Services (PaaS)	11.9	15.2	18.8	23.0	27.7
Cloud Application Services (SaaS)	58.8	72.2	85.1	98.9	113.1
Cloud Management and Security Services	8.7	10.7	12.5	14.4	16.3
Cloud System Infrastructure Services (IaaS)	23.6	31.0	39.5	49.9	63.0
Total Market	**145.3**	**175.8**	**206.2**	**240.3**	**278.3**

BPaaS = business process as a service; IaaS = infrastructure as a service; PaaS = platform as a service; SaaS = software as a service
Note: Totals may not add up due to rounding.
Source: Gartner (September 2018)

Channel Partners™

the major public cloud providers," he says. "If you are managing public clouds or deploying solutions, you better know how to speak multi-cloud."

2. The Line Between Cloud and On-Premises Will Get Harder to Trace

Multi-cloud is usually defined in relatively simple terms, as in: "more than one." This architecture and deployment strategy doesn't usually define the type of cloud environment or service, though. It could just as well mean multiple public cloud services or private clouds, or both.

Definitions of hybrid cloud, on the other hand, can vary and involve more specifics, but they almost always include a mix of cloud (public and private) and on-premises infrastructure and services, as well as some level of integration among those environments.

If the two terms seem to overlap, well, that's because they do. And that speaks to a larger truth, one that will become more pronounced: Cloud is as much of a catch-all term as it has ever been. Public cloud continues to grow, evident in Gartner's numbers and comparable stats from other research firms. Meanwhile, Forrester predicts private cloud adoption and spending will grow at a faster rate in 2019, too.

All of this points to increasing interest in hybrid cloud, which Bellavance expects to see take up more of the limelight. This will continue to include organizations looking to modernize

Hybrid Cloud: Mix of On-Premises, Private and Public Cloud Services
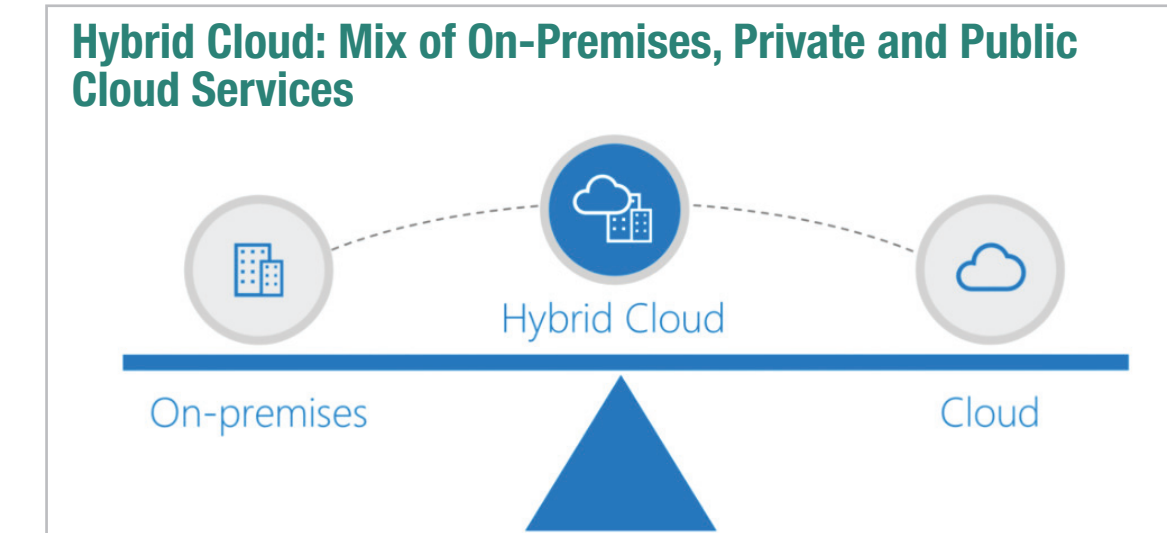
Source: Serverless360.com

legacy applications, but Bellavance also points to companies that want the flexibility to be able to "repatriate" cloud workloads in their own data center, too. No matter what, they want to be able to manage everything in a scalable and cost-effective manner.

"Customers are looking for a hybrid cloud deployment that meets their needs," Bellavance says. "They want a single deployment model, a single management interface and consumption-based spending."

Even the difference between "cloud" and "on-premises" won't be as easy to distinguish as it once was, in part because of cloud services like Azure Stacks or the recently announced Amazon

Outposts, which promise to bring the cloud to the data center, rather than vice versa.

"The line between cloud and on-premises infrastructure is continuing to get blurry," says Nate Ulery, managing director of the Performance Services practice at West Monroe Partners.

We're hitting the point where your customers care less about what you call it and far more about the ability to run what they want, where they want it — which is as good a definition of hybrid cloud as any.

"Leading-edge consultants and MSPs should start with these technologies to help organizations with the learning gap and to help their clients

Channel Partners™

make the transition to infrastructure as code," Ulery says.

3. Cloud Complexity Becomes a Growth Opportunity for Channel Businesses

Cloud-oriented partners identified the market opportunity in helping to shepherd their customers' first voyages to the cloud quite some time ago. That market remains, but a newer —

and potentially higher-growth — opportunity will unfold in the year ahead: helping organizations navigate the increasing complexity of managing multi-cloud and hybrid cloud environments. Add in a growing array of cloud-native technologies — more on those in a moment — and this also spells out a market whose boundaries aren't yet visible, especially from a services standpoint.

"With cloud becoming an integral part of every IT operation, organizations must be able to

manage workloads in these new environments," says Mark Salter, vice president of worldwide channel sales at SUSE. "And with large hardware providers continuing to be pushed out by major cloud vendors, an opportunity arises for those who sell cloud management services versus cloud technology."

The growth of multi-cloud and hybrid cloud — plus the sheer pace of change on various cloud platforms and a growing cloud skills gap — means most companies struggle to keep up. Keep in mind that the Googles and Netflixes of the world are not "most companies"; much of the rest of the business world could use a helping hand.

Consider the example, from a recent "Smarter with Gartner" feature, of an oil and gas company that may need around 50 to 70 cloud features to properly manage its infrastructure and applications — yet vendors like AWS and Microsoft Azure roll out nearly that many new features every month, with their feature menus totaling well into the thousands at this point.

As Gartner Research Director Sid Ng asks in the piece: "Who's going to help that oil and gas producer pick the right 62 cloud features?"

Analysts like Ng and other industry experts are pointing to cloud MSPs and other third-party consultants as a key part of the answer. That's one reason for the continued growth of and consolidation among cloud MSPs, not to mention the launch and expansion of partner programs and

Cloud-Native's Four Main Tenets
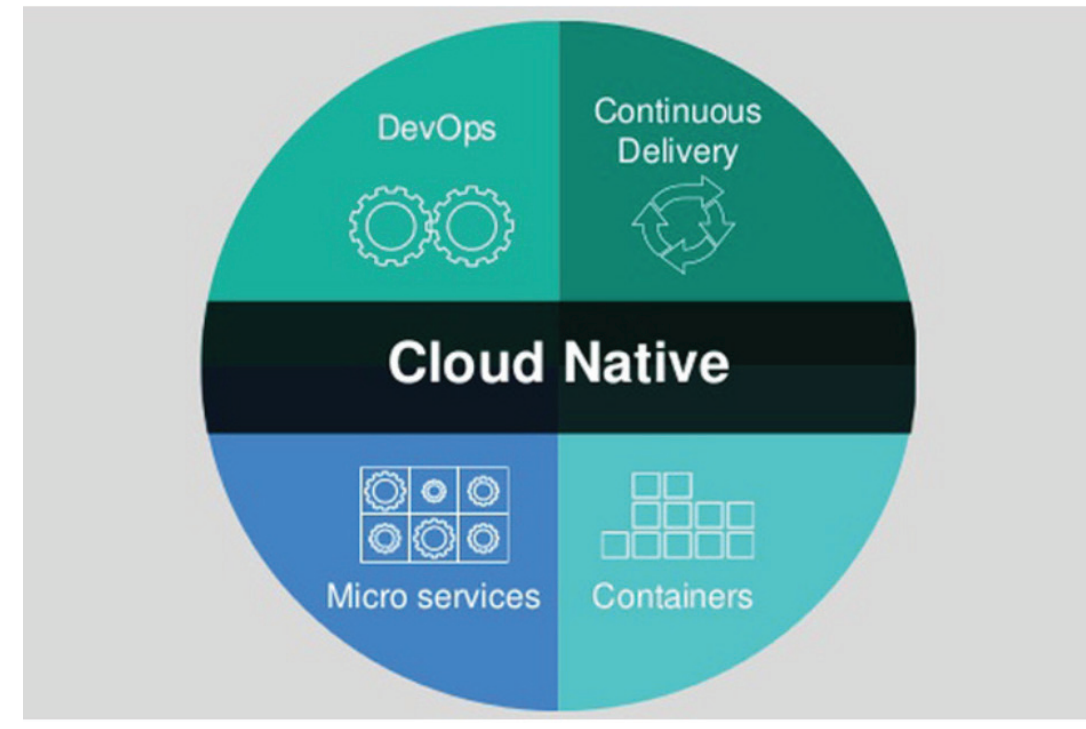
Source: Pivotal Software

services among the cloud vendors themselves — the latter increasingly recognize MSPs and other partners as a key to the next phases of their revenue growth.

"Given their focus on deployment and management of cloud infrastructures, service providers will lead the charge on managing complex cloud environments and become a critical part of channel operations," says Salter of SUSE.

4. Cloud-Native Technologies Create Diversification Opportunities

In the increasingly services-and-solutions-led channel business, a multi-pronged portfolio is often a good thing. Salter expects those MSPs and other partners that expand their services menu this year to boost their revenues.

What this means is, at some point soon, cloud-centric partners won't simply pitch their ability to help move a legacy application to a cloud environment, but also to, say, refactor those applications for containers and a microservices architecture.

"In the last couple of years, channel providers have started to diversify their services into software-defined offerings, such as containers and storage," Salter says. "This shift will continue to grow, as many companies are [still] in the early stages of transitioning their dated

infrastructure into a new home."

5. Vertical Cloud Specialization Will Differentiate Partners

Salter and others see another market opportunity for cloud partners who can deliver solutions that meet industry-specific needs, in part because the vendors are themselves tailoring features and services to particular sectors.

"With cloud vendors developing more industry-specific solutions, channel partners must also hone in on vertical industry knowledge to capitalize on these markets," Salter says.

Corey Dean, senior operations manager in the Performance Services group at West Monroe Partners, points to examples of increasingly vertical offerings such as Microsoft's Azure Genomics for pharmaceutical and healthcare companies or **Amazon Comprehend Medical** for healthcare businesses to apply machine learning and natural language processing to make sense of unstructured text.

"This move to industry-focused cloud solutions changes the relationship from cloud provider to solution provider," Dean says. "Service providers who can help organizations quickly pilot and demonstrate value with these types of solutions will find an eager client base looking to accelerate their time-to-value for cloud investments."

6. The Next Cloud Frontier for Partners: Machine Learning

Machine learning, like related disciplines and terms such as AI, is already making the tech industry swoon. But if you're a skeptic, you might miss out on the next big wave in cloud computing. The Amazon Comprehend Medical example Dean shares above is just one of a glut of ML-related developments from AWS and other major vendors.

"AWS spent almost an hour of their keynote at re:Invent [AWS' annual user conference] detailing all the new features and services they are making available to improve machine learning capabilities for both modeling and inference," says Bellavance from Anexinet. "They have also opened up their 'Machine Learning University' to all developers."

Even if you're a bit wary of machine learning as overhyped in relationship to your particular business, it's important to understand that the vendors and platforms you work with are investing considerably in the technology. That means it's time to brush up on the field and how it's influencing the cloud partner programs you work with, according to Bellavance.

"Whether you consider it a buzzword or not, machine learning is a field of incredible expansion that is going to touch almost every solution out there today," he says.

Related Reports

Cloud Storage: 7 Services Creating Opportunities for Channel
If data is "the new oil," then cloud storage is the new tank farm and partners are the data refinery, helping their customers turn data stored in the cloud into valuable, curated, secured business information. In this report, we cover five cloud storage categories, their features and their usage.

10 Hot Cloud Services to Lift Your Line Card in 2018
While the richest cloud growth will come from IaaS and SaaS, experts say there are plenty of innovative offerings that partners can offer customers. In this report, you'll learn about the potential for new SD-WAN solutions and why we're in a new age of ITSM.

How PaaS, Containers Are Fueling Next-Stage Cloud Growth
As Google, IBM, Microsoft, Salesforce and others rev up the platform-as-a-service market, CIOs are faced with decisions. Here's our guide to choosing the right PaaS for your business.